

### Subsidised bus service contract recommendations : financial implications

**Committee** Operations

**Date of meeting** 22 January 2016

**Date of report** 7 January 2016

#### Report by Assistant Chief Executive (Business Support)

#### 1. Object of report

To advise the committee of the financial implications of the subsidised bus contract recommendations being considered at the meeting.

#### 2. Background

The opening position prior to the decisions being sought at this meeting is as follows:

<b>2015/16</b>	
Approved budget	£11,187,900
Contractual commitments forecast to year end	£10,546,552
Net 2015/16 forecast	(£641,348)

The previous positive variance of £478,660 reported to committee (6 November 2015) has increased by £162,688 at the time of writing as a result of actual costs being less than budgeted. Actual costs are reflected following receipt of the 4 weekly returns, which provide details of services operated and income generated.

#### 3. Proposals

Should the committee accept all the recommendations contained within the following papers, the financial implications will be as detailed below.

<b>2015/16</b>	<b>Approved Budget</b>	<b>Projected Outturn</b>	<b>Variance</b>
Subsidised bus services	£11,187,900	£10,566,433	(£621,467)

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There will be fluctuations in the actual cost of services between now and the year end, but a positive variance is anticipated in line with this projected outturn. While reporting at an individual expenditure head level, members will be aware that all expenditure heads are being closely managed and efficiencies and savings captured to ensure that there is a break even position between both revenue and capital. This positive variance will be utilised as part of this as a contribution to the capital cost of the bus fleet.

Clearly consideration must also be given to the impact on future year budgets when awarding contracts. If all papers before the Committee are approved, there will be additional costs of £62,619 in 2016/17. As the Committee have been previously advised this is a budget which is subject to the vagaries of the commercial market and operator behaviour and is subject to significant fluctuations during each financial year.

## 4. Committee action

The committee is asked to note the financial implications of the recommendations in the following paper, and give due consideration to this in the course of the decision making. The impact of individual decisions is reported in each paper for consideration.

## 5. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>As detailed in the report.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None</i>
Risk consequences	<i>None.</i>

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